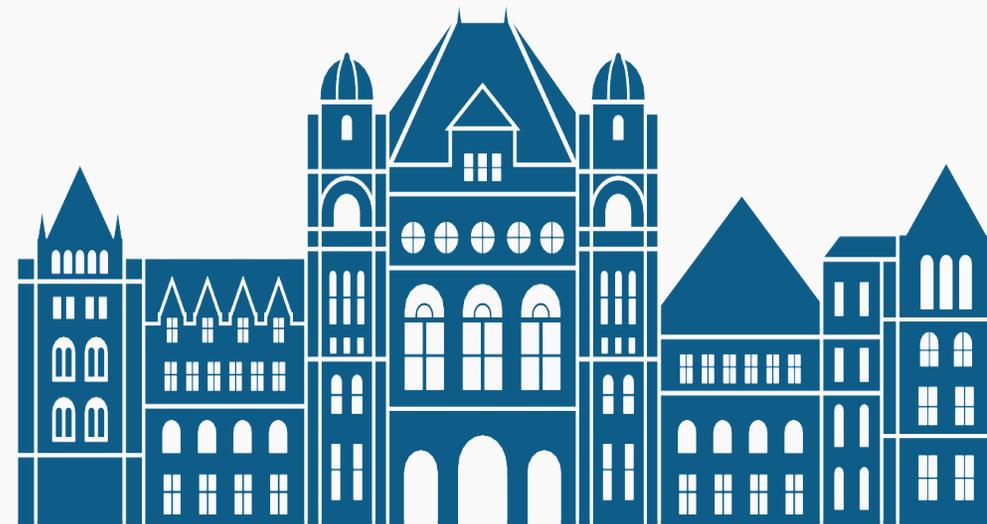


2026 Ontario Budget Submission



About the Ontario Chamber of Commerce

The Ontario Chamber of Commerce (OCC) is the indispensable partner of business and Canada's largest, most influential provincial chamber. It is an independent, non-profit advocacy and member services organization representing a diverse network of 60,000 members. The OCC convenes, mobilizes and empowers business and local chambers in pursuit of its purpose: to bring inclusive and sustainable prosperity to Ontario's businesses, workers, and communities.

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A Message from the President and CEO

Dear Minister Bethlenfalvy,

The Ontario Chamber of Commerce (OCC) welcomes the opportunity to contribute to Ontario's 2026 budget consultation. This year's budget comes at a pivotal moment, not only for Ontario's economy but for Canada's place in a rapidly changing global order.

International trade patterns are shifting. Alliances are being tested. Protectionist policies are reshaping markets. Instability – particularly from the U.S. – is harming businesses, workers and communities on both sides of the border, and dampening growth in the integrated North American economy on which Ontario depends.

In this environment, Ontario must act decisively to strengthen business competitiveness – and advance our growth.

The OCC's 2026 Business Confidence Survey underscores the urgency of this moment. Just 23 per cent of Ontario businesses report confidence in the province's economic outlook. Sixty-five per cent expect tariffs, trade disruptions, and broader economic uncertainty to negatively affect investment and expansion plans. Nearly one in four businesses face labour shortages. And only 16 per cent are confident that Canada-U.S. trade challenges will be resolved on terms acceptable to Ontario.

In response, businesses are raising prices, diversifying suppliers, absorbing higher costs, and scaling back investments. While these measures may preserve short-term stability, they also signal long-term risks to our productivity and competitiveness.

In Budget 2026, Ontario must send clear signals to businesses, investors, workers, and global partners: that we're a bastion of stability – with a strong economic foundation and fiscal position – and a beacon for business, investment and talent.

To that end, the OCC's pre-budget submission is anchored around four economic priorities that reflect the most pressing needs of Ontario's business community:

- **Fostering a competitive business and trade environment** that supports investment, scaling, and export growth amid global uncertainty;
- **Developing qualified people and diverse talent** to address labour shortages across high-demand sectors and strengthen workforce participation;



- **Investing in healthy and sustainable communities** that support productivity, talent attraction, and long-term economic resilience; and
- **Building growth-enabling infrastructure** to deliver reliable energy, digital connectivity, security, and trade capacity at the pace Ontario's economy requires.

While our ongoing policy and advocacy work touches many topics and involves recommendations to governments year-round, in this year's submission, we have carefully selected the issues and opportunities most urgent to Ontario's economic and fiscal agenda at this period of profound change.

These recommendations reflect the collective voice of Ontario's business community, informed by engagement with close to 150 local chambers of commerce and boards of trade and 60,000 member businesses across the province.

We appreciate your leadership during this period of challenge and look forward to working with you and your government to advance inclusive, sustainable prosperity for businesses, workers and communities across Ontario.

Sincerely,



Daniel Tisch, APR, FCPRS, ICD.D

President and Chief Executive Officer

Ontario Chamber of Commerce



A Competitive Business & Trade Environment

Ontario's business climate faces mounting pressure. Global protectionism is rising, competition for investment is intensifying, and trade rules are being rewritten or simply ignored. Domestically, complex tax structures, uneven procurement practices, and limited access to capital, markets and talent constrain businesses' ability to invest, hire, export and scale. Addressing these challenges – focusing not just on lowering business costs but also incentivizing business investment – will boost productivity, opportunity and growth.

1. Reduce Business Cost while Growing Business Investment

Simplify Ontario's tax and regulatory environment to lower compliance costs while incentivizing businesses to invest in themselves. This includes:

- a. Undertaking a comprehensive tax and spending review to eliminate unnecessary complexity, prioritizing targeted and consolidated credits and exemptions that incentivize business investment in productivity and growth (e.g., new equipment, energy-efficient building retrofits, upskilling and reskilling employees, AI adoption, export development, IP protection);
- b. Harmonizing standards across provinces and implementing mutual recognition agreements to promote interprovincial trade, labour mobility, working towards one Canadian market for Ontario business; and
- c. Removing outdated provisions such as the environmental tax applied to the sale of beverage alcohol containers, which prevent craft brewers, distillers, cideries and wineries from taking full advantage of interprovincial trade reforms.

2. Strengthen Ontario's Investment and Trade Competitiveness

Use targeted tax policy, incentives and value-based procurement to anchor high-value investment in Ontario, retain intellectual property (IP), and build resilient domestic supply chains in priority sectors. This includes:

- a. Implementing a provincial Patent Box to encourage innovators to commercialize their IP in Ontario by applying a preferential tax rate to income earned from that IP;
- b. Working with the federal government to help Ontario businesses diversify their trade, protecting Ontario's export-oriented industries (e.g., forestry, automotive, agriculture, life sciences, energy, mining) and building certainty for investors; and



- c. Strengthening Indigenous economic partnerships as part of Ontario’s overall business and trade strategy by continuing investments through the Indigenous Economic Development Fund, Indigenous Community Capital Grants Program, and Indigenous Opportunities Financing Program, advancing equitable opportunities for Indigenous procurement, employment, and investment.

3. Support Business Growth, Scale-Up and Transition

Help Ontario firms better access capital, adopt technology, and commercialize homegrown innovation, with practical supports for succession planning, ownership models, and early-stage scale-up. This means:

- a. Developing and scaling digitization funding, targeted incentives for AI adoption, and training programs for small businesses alongside improved access to private capital and credit through tax policies, capital market reforms, and loan guarantees;
- b. Developing a policy framework for employee ownership and supporting co-operative conversion models (e.g., worker co-operatives, consumer co-operatives) as part of a broader effort to streamline business succession planning; and
- c. Strengthen SME access and innovation in Ontario’s public procurement and supply chains by providing targeted supports for supply-chain visibility and risk-management technologies, digitizing procurement processes, and centralizing access to bidding opportunities.

4. Build Ontario’s Strategic Industries

Capitalize on Ontario’s strengths in areas of rising global importance, including artificial intelligence (AI), mining, and defence manufacturing, to attract critical national security-related investment and secure domestic supply chains amid intensifying international competition. This includes:

- a. Scaling sector-specific AI pilots across key industries (e.g., advanced manufacturing, health, agriculture), while expanding shared access to AI compute and digital infrastructure, especially for small and medium-sized enterprises;
- b. Accelerating critical minerals development by advancing regulatory, permitting, and infrastructure reforms that improve certainty, reduce timelines, support economic reconciliation, and strengthen Ontario’s end-to-end mining value chain; and
- c. Maximizing the economic impact of federal defence and national security investments by strengthening Ontario-based defence manufacturing and dual-use technology supply chains, supported by workforce, procurement, and industrial policy tools that enable scale and IP retention.



Qualified People, Diverse Talent

Employers across high-demand sectors and regions continue to face labour shortages due to slow credential recognition, constrained post-secondary capacity, misalignment between education and labour market needs, and persistent barriers to workforce participation for women, Indigenous people, visible minorities, and people with disabilities. With focused action to attract, retain and develop talent, align education with labour market needs, and remove structural obstacles to work, we can ensure Ontario has the talent of the future to lead and grow the businesses of the future.

5. Expand Labour Supply and Participation in High-Demand Industries

Advance a coordinated, employer-informed workforce strategy that expands talent pathways and fills sector-specific and regional labour gaps through immigration, skilled trades, credential recognition, and participation supports. This includes:

- a. Expanding Ontario Immigration Nominee Program (OINP) nominations in high-demand occupations (e.g., healthcare, energy, AI, agriculture, skilled trades), while consulting with local chambers of commerce and boards of trade to ensure provincial priorities meet regional needs;
- b. Accelerating the recognition and seamless transfer of foreign professional credentials in high-demand economic sectors, such as health care, construction, advanced manufacturing, and mining; and
- c. Enhancing targeted childcare affordability and access to remove barriers to workforce participation, with particular focus on expanding flexible, licensed care options and addressing early childhood workforce constraints that limit capacity growth.

6. Diversify Skills for Workers and Employers

Expand rapid reskilling and upskilling opportunities and strengthen applied research partnerships so that workers and small businesses can adopt emerging technologies, such as AI, and improve productivity and retention. This includes:

- a. Making a stable, multi-year investment to dramatically increase employer-aligned work-integrated learning (WIL) to grow employer participation, ensure workplace-ready graduates, and quickly retool workers for in-demand roles; and
- b. Enhancing applied research, skills training, and commercialization pathways, such as through expanded Ontario Research Fund envelopes and business-led applied research partnerships.



7. Strengthen Competitiveness of Ontario's Post-Secondary Institutions

Stabilize a post-secondary funding and planning model that strengthens institutions' capacity to deliver high-quality, high-demand programs, and reinforces the talent pathways between education and employment across regions and industries. This means:

- a. Providing predictable, multi-year funding for post-secondary institutions, through a formula that increases operating funding and provides future tuition flexibility, to maintain program quality in the face of cost increases;
- b. Fully funding enrollment expansion to ensure capacity for future high-demand fields as Ontario's economic needs shift;
- c. Providing dedicated research funding to help Ontario institutions attract top international talent and maintain cutting-edge research and innovation capacity in close alignment with the private sector;
- d. Providing long-term, equitable funding for Indigenous Institutes and small, northern, rural and French Language institutions to maintain regional access and strengthen talent retention; and
- e. Establishing a permanent consultative table with major businesses, labour and education organizations to ensure closer alignment of enrolment planning with labour market demand, including expanding seats in high-growth, strategic sectors for the Ontario economy.



Healthy and Sustainable Communities

Ontario's economic competitiveness depends on the health, safety, and livability of its communities. Pressures on health system capacity, growing mental health and addictions challenges, and uneven access to services affect workforce participation, productivity, and talent attraction across regions. Many communities struggle to sustain year-round economic activity. With coordinated, long-term action to strengthen health systems, improve public safety and mental health supports, and invest in connected, livable communities, Ontario can both grow its economy and ensure all communities participate in that prosperity.

8. Invest in Health Data, Innovation and System Resilience

Expand capacity across the health ecosystem, expedite access to innovation, and modernize data and workforce planning so care is timely, connected, and closer to home. This includes:

- a. Expanding investment in the Funding Accelerated for Specific Treatments (FAST) program and Health Innovation Pathway to improve access to innovative therapies;
- b. Building a provincial vaccine registry, with interprovincial interoperability, alongside a plan to deal with immunization backlogs;
- c. Developing innovative local service delivery models through expanded team-based care across Ontario, incentivizing more collaboration between Ontario Health teams, family health teams, Indigenous communities, municipalities, and other allied health professionals; and
- d. Advancing a comprehensive provincial health data strategy that supports interoperability and standardized reporting with privacy-by-design standards, while ensuring alignment with national strategies.

9. Integrate Community Safety, Mental Health and Harm Reduction Strategies

Adopt a coordinated, whole-of-government approach that expands community-based mental health and addictions services, secures sustainable funding for municipal policing and transitional housing resources, and equips employers and workers with practical supports. This includes:

- a. Conduct a comprehensive review of the municipal-provincial fiscal relationship, with a focus on reducing reliance on the property tax base and ensuring sustainable funding for supportive housing, mental health resources, and community policing projects that enhance safety on main streets in communities across the province;



- b. Expanding community-based mental health and addictions services, such as HART Hubs, to improve outcomes for public safety, homelessness and workplace well-being; and
- c. Working with the federal government to secure stable funding through the Canada Mental Health Transfer to support a range of care models as demand increases.

10. Use Arts, Culture and Tourism to Spur Year-Round Economic Activity

Treat arts, culture, and tourism as economic infrastructure, expand access to programs and grants for smaller and rural organizations, and pilot targeted tax tools that drive year-round activity. This includes:

- a. Investing in a provincial culture and tourism strategy within Ontario's economic action plan, with funding aligned to current labour market demands and evolving technological and skilled trade requirements; and
- b. Expanding grant eligibility for business associations and smaller organizations in rural, remote, northern and Indigenous communities through existing levers (e.g., Experience Ontario, Rural Economic Development, Rural Ontario Development).



Growth-Enabling Infrastructure

Addressing Ontario’s infrastructure gaps and delivery challenges is key to enabling business growth. Energy systems face rising demand and price volatility. Housing and employment lands are often misaligned with infrastructure capacity. Trade corridors face congestion. Digital and climate resilience investments are uneven across regions. With coordinated, long-term infrastructure planning and timely delivery that aligns energy, transportation, housing, digital connectivity, and climate resilience, Ontario businesses will be better able to seize opportunities across the province, the nation, and around the world.

11. Speed Up and Scale Up Energy Supply - Reliably, Affordably and Sustainably

Ensure Ontario has reliable, affordable, and sustainable energy to support industrial growth, digital technology development, electrification, and resource-driven economic expansion, in partnership with Indigenous communities. This includes:

- a. Advancing multi-year funding envelopes and clear supply targets under the *Energy for Generations* plan, with a focus on maintaining low rates to protect Ontario’s businesses against external shocks to competitiveness, especially in energy-intensive, trade-exposed industries such as manufacturing, mining and agriculture;
- b. Working with municipalities to streamline local development approvals and incentivize the development of a public electric vehicle (EV) charging network, alongside a broader strategy on EV manufacturing, adoption and export;
- c. Investing in transmission and distribution infrastructure alongside streamlined approvals; and
- d. Improving Ontario Electricity Market Price forecasting and stabilization measures that protect businesses from excessive volatility.

12. Strengthen Digital Foundations for All Communities

Build resilient, secure, and future-ready digital infrastructure that delivers high-quality connectivity and services to all communities, particularly those in rural and northern regions. This includes:

- a. Establishing robust and growth-oriented criteria to approve new electricity loads, such as data centres, through early coordination with the Independent Electricity System Operator (IESO), to secure Ontario’s position in the AI and digital economy; and
- b. Integrating broadband planning with transportation and energy infrastructure planning, coordinating with utilities on pole access, right-of-way, and “dig once” approaches.



13. Integrate Planning for Housing, Trade and Growth

Invest in infrastructure that enables the efficient movement of goods and people, unlocks housing supply, protects agricultural and employment lands, and strengthens climate resilience across Ontario. This includes:

- a. Prioritizing predictable, multi-year funding for housing-enabling infrastructure through a dedicated Planning and Modernization Stream within the Municipal Housing Infrastructure Fund, supported by modern digital permitting tools;
- b. Increasing the use of surplus public lands for mixed-income and affordable housing by codifying mandatory affordability components and prioritizing shovel-ready sites near transit and employment zones;
- c. Implementing integrated resource and growth planning across land-use, housing, energy, health and transportation, supported by digital twin tools to map infrastructure gaps and improve long-term capital planning and project sequencing;
- d. Making strategic investments in trade and transportation corridors, with particular focus on strengthening major airports, ports and regional hubs; and
- e. Prioritizing investments in natural and climate resilient infrastructure (e.g., water and wastewater systems, wetlands restoration, renewable energy grids).

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